

With the House and Senate set to convene a conference on an appropriations package as early as this week, House conservatives are divided over whether to support a provision reviving higher limits on government-backed mortgage loans.

Republican Study Committee (RSC) members clashed on the issue during a meeting last week, with supporters of renewing the higher conforming loan limits arguing that the step would help the housing sector and the broader economy. Opponents warned against risking taxpayer dollars.

“It was a very spirited discussion,” said **John Campbell, R-Calif.**, who advocated extending the higher limits. **“It was a heated debate, and it’s clear that there’s no consensus in that group.”**

The discussion went on so long, Campbell said, that RSC Chairman Jim Jordan of Ohio cut it off to move to other topics.

According to a GOP aide, Bill Posey of Florida and Joe L. Barton of Texas also spoke in favor of the higher limits. The opponents were Scott Garrett of New Jersey, Randy Neugebauer of Texas and Patrick T. McHenry of North Carolina.

The higher conforming loan limits expired at the end of last month, meaning Fannie Mae, Freddie Mac and the Federal Housing Administration can buy or guarantee mortgages no larger than \$625,500, down from \$729,750. The formula for establishing limits for high-cost areas also changed from 125 percent to 115 percent of an area’s median home price, which has the potential to affect many more people than the upper-most limit.

Congress first raised the ceiling in 2008 in an effort to boost the faltering housing market and help those in high-cost areas. Amid a weak housing sector and fears of another recession, many lawmakers have joined housing industry groups to push for a renewal of the higher limits.

At first, the likelihood of an extension seemed remote. But the Senate injected new life into the effort in a late-night vote Oct. 20, when a provision sponsored by Robert Menendez, D-N.J., that would renew the higher limits through 2013 was added to a “minibus” appropriations package (HR 2112). The amendment was adopted by a vote of 60-38, just clearing the required 60-vote threshold.

The Senate is expected to pass the spending bill early this week and then likely begin a conference with the House, where the loan issue ultimately will be decided.

Many conservatives say the government should not risk public money on mortgages for high-income homebuyers. “Republicans ran on the platform of ending the bailouts,” Garrett told reporters on Oct. 27, the day after the RSC meeting. “A vote in favor of raising those conforming loan limits over in the Senate was actually supporting more bailouts [with] taxpayers’ money.”

But Posey said he argued that most of the mortgage defaults in the 2008 crisis did not originate from those with high incomes, and that the economy will not improve until the housing market recovers.